

H1 FY20 profit up 6%, driven by SaaS ARR up 33%

BRISBANE, 19 May 2020 – One of Australia’s largest enterprise Software as a Service (SaaS) companies, TechnologyOne (ASX:TNE) today announced its financial results for the half year ending 31 March 2020, showing continuing growth with profit up 6 per cent underpinned by continuing strong demand for the TechnologyOne Global SaaS ERP Solution.

Key results were as follows:

- Profit after tax of \$19.1m, up 6%
- Profit before tax of \$25.9m, up 6%
- Revenue of \$138.4m¹, up 7%
- Expenses of \$112.5m, up 7%
- SaaS Annual Recurring Revenue (ARR)² of \$110.2m, up 33%
- Cash Flow Generation³ of \$9.9m, up 100+%
- Cash and Cash Equivalents of \$84m, up 23%
- Dividend of 3.47cps, up 10%
- R&D expenditure (before capitalisation) of \$30.5m, up 10%, which is 22% of revenue

¹ Includes other income of \$0.4m. ²Non Audited, non-IFRS measure. ³Cash Flow Generation is Cashflow from operating activities less capitalised development costs. This is a non-IFRS financial measure.

TechnologyOne CEO Edward Chung said: “I am pleased to announce that we have delivered our 11th year of record profit, revenue and SaaS fees.

“Our SaaS Annual Recurring Revenue (ARR) is up 33 per cent and we increased the number of large-scale enterprise SaaS customers by 22 per cent, to 475. Our SaaS business is growing very fast, even in the midst of COVID-19.

“Our SaaS customers have hundreds of thousands of users, making ours the largest multi-tenanted ERP SaaS offering in Australia.

“The UK has continued to improve, with UK loss reducing to \$800k for the half-year. We see significant growth opportunities in the coming years.

“It is important to note that although COVID-19 hit hard in March, the last month of our half year, it had minimal impact on our business. This is a credit to TechnologyOne team members who have swiftly and seamlessly transitioned to remote working and who continued to support our customers, ensuring our mission critical software which underpins their business continues to operate efficiently and effectively.

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“Our SaaS vision of any device, anywhere, and any time has helped not only our customers, but also our own operations during this challenging period.”

“TechnologyOne is on track to deliver continuing strong growth over the full year.”

TechnologyOne Chairman, Adrian Di Marco added: “Our results are due to the continuing strong demand for our global SaaS ERP solution.

“Customers are now differentiating between inferior ‘cloud hosted’ solutions, offered by our competitors, and the significant benefits and efficiencies offered by our true multi-tenanted Global SaaS offering.

“While COVID-19 has caused significant pain for many organisations, our customers have been able to seamlessly move from working in their office, to working from home, the park, or anywhere they want, with no loss of functionality, speed or agility. There was nothing they needed to do differently. They simply logged into our global SaaS ERP solution, like always, and it just worked.

“We are now seeing organisations take a ‘long hard look’ at their suppliers, and their ability to deliver a true digitally enabled solution. Many of these suppliers have not delivered, creating a significant opportunity for us.

“Today 85+% per cent of our revenue is recurring subscription revenue.¹”

“In light of the company’s strong results, and our confidence going forward, the dividend for the half year has increased to 3.47 cents per share, up 10 per cent on the prior year,” Mr Di Marco said.

Guidance

Mr Chung said: “TechnologyOne is well positioned, as the markets we serve are generally resilient.

“Our global SaaS ERP solution is mission critical to the markets we serve, and also enables any device, any time access from anywhere around the world.

“This is allowing our customers to innovate and meet the challenges ahead with greater agility and speed, without having to worry about underlying technologies. This makes life simple for them, and as such we see our SaaS ARR growth continuing to grow strongly, up more than 30+ per cent over the full year.”

“With a strong pipeline, a high proportion of locked in recurring revenues, no debt and a strong balance sheet, we are well positioned to deliver continuing strong growth over the full year.

“Having said this, COVID-19 is an evolving situation, and we have reflected this in our full year guidance of net profit before tax up 8-12 per cent,” Mr Chung said.

[¹ 85+% of total revenue excluding consulting, based on opening ARR]

Further information

This market release should be read in conjunction with the TechnologyOne Investor Presentation and the TechnologyOne Financial Report attached to the Appendix 4D. All documents are available on the ASX Announcement platform.

Results teleconference

TechnologyOne will present the 2020 half year results to analysts on a conference call on Tuesday 19 May at 11am AEST. You can register for the webcast at TechnologyOneCorp.com/about-us/shareholders.

Authorised for release by the Chairman.

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About TechnologyOne

TechnologyOne (ASX: TNE) is Australia's largest enterprise software company and one of Australia's top 200 ASX-listed companies, with offices across six countries. We provide a global SaaS ERP solution that transforms business and makes life simple for our customers. Our deeply integrated enterprise SaaS solution is available on Any device, Anywhere and Anytime and is incredibly easy to use. Over 1,200 leading corporations, government agencies, local councils and universities are powered by our software.

For more than 32 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on their business and not technology.

For further information, please visit: TechnologyOneCorp.com